

# Resale Business Practice Standards

3 Options

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# Guiding Principles

- ***Conditionality transfers from the parent to the child(Consensus)***
  - When conditionality transfers from the parent and the parent is **unconditional**
    - Duration doesn't matter
    - Queue time doesn't matter
    - Price doesn't matter
  - When conditionality transfers from the parent and the parent is **conditional**
    - Duration does matter
    - Queue time does matter
    - Price does matter

# Real Issue – when the parent is Conditional

- There were three Options discussed at the May NAESB OS Meeting:
  - Status Quo
  - Move Capacity from Parent to Resale
  - Restrict Resales to the Unconditional Window

# Option 1

- Status quo (no change to current standard language)
  - Current standards stay as they are
  - Implementation guide does not change.
  - Assignees do not have ROFR
  - Resales are exempt from P&C

## Option 2

- Move capacity to the resale
- Business practice standards have to be changed
- Implementation guide does not have to be changed
- Assignee has ROFR
- Encourages robust secondary market (% more robust)
- Customer satisfaction
- Establishes a billing relationship between the assignee and the TP associated with a ROFR (e.g., extended service for Resale)

## Option 3

- Do not allow Resales until the Unconditional window
  - Assignee is unconditional because parent is unconditional (Most resales done today are done within the Unconditional Window)
  - If Parent is conditional and tries to resell, OASIS will not allow the resale to process
    - Business Practice Change
    - Implementation Change
  - Impacts the transmission secondary market
  - May reduce the value of the transmission in the secondary market

# Agreement on Options

- Do you agree that these are the three options that are viable at this time?

## 2 Scenarios – Scope of the issue

- Resale is done in the unconditional window (currently more than **95%** of the time the resale is done in the unconditional window)
  - Use guiding principles
  - Resale does not get competed or bumped
- Resale is done in the conditional window (currently less than **5%** of resales are done in the conditional window, and aprox 50% of those are resales to self)
  - Use the guiding principles
    - For consistency, equitability, implementation
  - Resale could be identified as a Defender and would have be able to exercise ROFR
  - Risk vs Reward question– “Is it worth writing standards for something that happens at a low frequency and has a low risk factor?”

# Real Issue – When the Parent is Conditional

- The probability of a resale occurring when the parent is conditional is very low (at this time)
- The risk if we do not write standards for this is:
  - Option 1 Risks
    - Resale capacity is ‘unfairly’ shielded from C&P
    - No change to WEQ standards (inconsistent treatment of Resale remains)
  - Option 2 Risks
    - FERC tolerance to a significant definition change for Resale
    - Significant changes are needed to systems to implement the new definition
  - Option 3 Risks
    - Restricts TC’s ability to Resale Short Term Conditional capacity

# Duration questions

- Option 1: Duration is not an issue.
- Option 2: Capacity transfers to the Assignee and duration will be based on that specific reservation (the Resale is a new TSR)
  - If duration is based on a child, the match has to be for the duration of the challenger
  - Parent and child might both be defenders
- Option 3: Duration is not an issue, because Resales are not allowed until they are Unconditional – see guiding principles.

# Queue Time questions

- Option 1: Queue time does not matter because the Resale is not completed.
- Option 2: Queue time may matter in determine ordering of valid Defenders
- Option 3: Queue time does not matter because the resale is not allowed until the parent is unconditional.

# Price Question

- Option 1: Price does not matter because the capacity is still held by the parent
- Option 2: Price matters in order to order the valid Defenders
- Option 3: Prices does not matter because the resale is not allowed until the unconditional window

# Billing Issues

- Option 1: No change to billing
- Option 2: If scheduling capacity is moved to the child, and the parent capacity is billed for in whole and the child has to match, the new match capacity must be billed to the child assignee.
- Option 2: If scheduling capacity is moved to the child and the child does not match, the parent is still liable in full for the original reservation amount.
- Option 3: No change to billing

# Options Side by Side

Impact	Option 1	Option 2	Option 3
Feasibility/Viable	Low	Low/Medium	Medium/High
FERC	High	High	Medium
Customer	Medium	Low	Medium
Business Practice Standards	Low	High	Medium
Implementation	Low	Medium/High	Low
TP Preference	Low	Medium	High

# Straw Poll

- If you had to decide today, which Option would you choose?
  - Option 1
  - Option 2
  - Option 3

# Other Items to Consider

- Option 2 Posting Requirements

## Scenario 2 – expanded (Posting on OASIS)

- Parent reservation is conditional
  - Reseller does not post on OASIS the resale of capacity
    - The parent is identified as a Defender
      - Parent reservation Matches to keep capacity
        - There is still capacity for the Assignee, and the resale can then be put on OASIS
      - Parent reservation Does Not Match to keep capacity
        - There is not enough capacity for the Assignee, and the resale will no longer be put on OASIS

## Scenario 2 – expanded (Posting on OASIS)

- Parent reservation is conditional
  - Reseller immediately posts on OASIS the resale of capacity
    - The parent is identified as a Defender
      - Parent reservation Matches to keep capacity
        - There is still capacity for the Assignee, and the resale can then be put on OASIS
      - Parent reservation Does Not Match to keep capacity
        - There is not enough capacity for the Assignee, the resold Capacity will need to be dealt with on OASIS
    - The child is identified as a Defender
      - Child reservation Matches to keep capacity
        - Resale is kept whole
      - Child does not match
        - Child loses all capacity